

OFFICE OF THRIFT SUPERVISION

Approval of Operating Subsidiary Notice  
and Trust Powers Application

Order No.: 97-114

Date: November 7, 1997

Chevy Chase Bank, F.S.B., McLean, Virginia (the "Savings Bank"), has applied to the Office of Thrift Supervision ("OTS"), to establish an operating subsidiary pursuant to 12 C.F.R. § 559.11 and for the operating subsidiary to engage in trust operations pursuant to Section 5(n) of the Home Owners' Loan Act ("HOLA") and 12 C.F.R. § 550.2 (together, the "applications"). The transaction entails the purchase of ASB Capital Management, Inc. ("ASB"), from NationsBank Corporation, Charlotte, North Carolina. The transaction will be accomplished by merging ASB and a related de novo trust company chartered by NationsBank ("Interim Trust Company") into Chevy Chase Investment and Trust Company, Inc. (the "Trust Company"), the operating subsidiary of the Savings Bank and the surviving corporation. The Trust Company will amend its corporate name to "ASB Capital Management, Inc.," subsequent to the merger.

The OTS has considered the applications under the standards set forth in 12 C.F.R. §§ 559.11, 550.2 and 550.3 and Section 5(n) of the HOLA. In addition, the OTS has considered the digest by the OTS Southeast Regional Office, a legal opinion by the Business Transactions Division, and an analysis by Corporate Activities. Based on its review, the OTS has determined that the applications satisfy all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied. Accordingly, the applications are hereby approved.

1. Approval of trust powers is limited to the exercise of trust powers that are authorized for state-chartered fiduciaries in the state of Maryland and in the District of Columbia;
2. The Savings Bank shall notify the Southeast Regional Director, or his designee (the "Regional Director"), in writing, of the date of consummation of the acquisition of ASB and the Interim Trust Company and of the commencement date of the trust activities;
3. Any material deviation from the representations made in the applications must receive the prior approval of the Regional Director;

4. Consummation of the proposed transaction shall not cause the Savings Bank's capital levels to fall below the thresholds required by the Savings Bank to be well capitalized pursuant to 12 C.F.R. § 565.4, as hereafter amended; and
5. Employees of the Savings Bank or affiliated entities of the Savings Bank whose duties include opening insured deposit accounts shall receive only nominal fees per account referred to the Trust Company.

By order of the Director of the Office of Thrift Supervision,  
or his designee, effective November 7, 1997.

  
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John F. Downey  
Executive Director, Supervision